GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:287
ANSWERED ON:03.02.2017
Effect of Demonetisation on Saving to GDP
Simha Shri Prathap

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO.287
TO BE ANSWERED ON 3RD FEBRUARY 2017/14TH MAGHA SAKA, 1938

EFFECT OF DEMONETISATION SAVING TO GDP

287. SHRI PRATHAP SIMHA:

QUESTION
Will the Minister of FINANCE be pleased to state:
(a) whether the cash to GDP ratio in India is more than 11% compared to an average of 4-5% in the developed countries, if so, the details thereof; and
(b) the anticipated effect of the demonetization of the Rs. 500 and Rs. 1000 notes on India's savings to GDP ratio ?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY FOR FINANCE

(SHRI ARJUN RAM MEGHWAL)

(a) & (b) As per studies/reports like BCG Global Payment model 2015, Reserve Bank of Australia Annual Report 2014 and Euro Monitor Passport 2015, the Cash to GDP percentage ratio for India is approximately 11.55% which is higher than the USA (7.74%), Sweden (2.12%), United Kingdom (3.67%), and Australia (4.41%). This exercise has resulted in an increase in deposit with banks. This will facilitate in reduction of interest rates and provide more headroom to bank to expand their credit base